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SUBJECT: GOVERNMENT DISCUSSES ECONOMIC RISK TO MAORI

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¶1. (SBU) Summary. The New Zealand Government recently sponsored an Economic Workshop dedicated to finding a response to the risk created by the worsening economic climate to indigenous Maori. Among New Zealanders, Maori remain particularly susceptible to the economic downturn as many work in low-income jobs and in industries that are quick to suffer from adverse economic conditions. At the Workshop, the Minister of Maori Affairs, Dr. Pita Sharples, announced his intention to establish a special taskforce to help Maori weather the economic crisis. The Workshop is symbolic of the John Key-led Government's emergent relationship with Maori and underscored the influence Maori have in government and New Zealand politics. End Summary.

#### Workshop Examines Economic Threat to Maori

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¶2. (SBU) On January 28, the Ministry of Maori Affairs hosted an Economic Workshop in Wellington that focused on proposing ideas to mitigate the risks facing the indigenous Maori population in the current economic climate. Roughly 80 attendees joined the Workshop, and included Maori business and tribal leaders, the private and public sector. The Workshop represented the first stage of a broader program to advance economic development for Maori.

#### Establishment of Maori Economic Taskforce

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¶3. (SBU) The Minister of Maori Affairs, co-leader of the Maori Party Dr. Pita Sharples, delivered the Workshop's keynote speech and announced that he will establish a Maori Affairs Ministerial Taskforce to help Maori weather the economic crisis. Sharples, whose party is a coalition partner of Prime Minister John Key's National Party, stated that "the role of the taskforce will be to capitalize on the information and the opportunities which will emerge (from the workshop)". He conceded, however, that he had yet to run the idea past Key, but believed he would be supportive. Key has not yet formally committed to the Taskforce. Sharples said he would chair the taskforce himself, with a full-time secretary based in his ministerial office. This, said Sharples "is an indicator of the absolute importance I give to this initiative."

¶4. (SBU) Sharples also raised the prospect of government loans for those Maori businesses that found themselves in difficulty. However, the opposition Labour Party's Maori Affairs spokesman, Parekura Horomia, believed that loans by themselves were not enough and Maori leaders must focus on keeping their people in the workforce.

#### Maori Remain Vulnerable to Economic Pressures

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¶5. (SBU) Although Maori are in a better economic position today than in previous recessions, they remain particularly vulnerable to shifts in economic fortunes. Maori wealth and assets have increased to NZD 16.5 billion in 2006, but 52 per cent of those assets were in the primary industries, making Maori prone to global fluctuations in export prices. Additionally, many Maori are employed in highly vulnerable, low-skilled occupations such as construction and manufacturing. The Maori Development Ministry, Te Puni Kokiri, expects Maori unemployment to reach 12 per cent to 15 per cent by 2010, the highest figure in a decade. As nearly half of all Maori children live in welfare dependent or low-income families, Sharples spoke vividly about the risks to Maori posed by elevated levels of unemployment and poverty created by economic downturn.

Call to be Bold and Employ Comparative Advantage  
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¶6. (SBU) Sharples noted that in general, Maori business and investment strategies are conservative and cautious. However, he called for Maori leaders to consider bold initiatives to address the impact of the economic crisis on Maori. Sharples asserted that in order for Maori to face the economic challenges in worsening economic times, a strategy of capacity building and capital development must be exercised. This will, he asserted, offer "a strong platform to bring forward infrastructure, community and education programs." He also urged Maori to exercise the "Maori Edge" - the historical Maori business acumen expressed in terms of resilience, flexibility and an inherent and acquired trading capacity. Sharples warned, however, that a narrow focus on business and economic development at the expense of the environment is not sustainable. (Note: The concept of guardianship - of respect for the land and water - is central to Maori tradition and custom. End Note).

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Workshop Symbolic of Key's New Partnership with Maori  
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¶7. (SBU) The Government-sponsored Workshop was a tangible sign that the Government is attentive to the particular economic threats facing Maori and that it values the Maori Party, which is a partner in government. The Workshop also served to underline the existing goodwill between Maori and the National Party, a relationship that has not always been positive in recent times. Significantly, the Workshop came shortly before Waitangi Day on February 6, New Zealand's National Day, which routinely prompts an internal examination of the state of the often tense relationship between the government and Maori. The current relationship is arguably the best it's been in many years thanks largely to Key's invitation to the Maori Party into government, which Sharples asserted enabled Maori to feel valued by the NZ government.

National-Maori Bond Puts Pressure on Labour  
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¶8. (SBU) Comment. Key is likely to consent to the establishment of Sharples' Taskforce. He won't want to risk a backsliding of the hitherto affable relationship he enjoys with his coalition partner and Maori writ large. He will also need continued Maori Party support for his economic policies in the coming months, and the Workshop should go far to ensure a sense of government interest in Maori concerns. The current harmony enjoyed by the Government and Maori will be of political concern to Labour. Prior to the formation of the Maori Party in 2004, Labour held a near monopoly on the Maori vote. Helen Clark and Labour spurned the Maori Party as a potential government partner after the 2005 election. Labour's new leader, Phil Goff, has to now find a way to regain the support of the Maori Party as a possible future partner in government, and break National's growing relationship with Maori voters. End Comment.

Keegan